

**MINUTES
REGULAR MEETING
UTILITY SERVICE BOARD
MARCH 21, 2016**

The Regular Meeting of the Utility Service Board of the City of Jasper, Indiana, was held in the Council Chambers of City Hall in Jasper at 7:00 PM on Monday, March 21, 2016.

The meeting was called to order by Chairman Rick Stradtner.

MOTION TO APPOINT ACTING SECRETARY (DVD-00:04)

Chairman Stradtner stated that an Acting Secretary needs to be appointed due to the absence of Secretary Derek Smith.

Wayne Schuetter made a motion to appoint Roger Seng as Acting Secretary. Michael Kern seconded the motion. Motion approved, 6-0.

UPON CALL OF THE ROLL, THE FOLLOWING WERE PRESENT:

Rick Stradtner – Chairman
Keith Masterson – Vice Chairman
Alex Emmons – Wastewater Commissioner
Roger Seng – Water Commissioner
Michael Kern- Gas Commissioner
Wayne Schuetter – Electric Commissioner

ALSO PRESENT:

Bud Hauersperger – General Manager
Jerry Schitter – Electric Distribution Manager
Ernie Hinkle – Gas & Water Manager
Ed Hollinden – Wastewater Manager
Ashley Kiefer – Office Manager

ABSENT:

Derek Smith - Secretary
Renee Kabrick – City Attorney

PLEDGE OF ALLEGIANCE (DVD-01:04)

Chairman Rick Stradtner led the Pledge of Allegiance.

QUOTE OPENING: REPLACE GAC CAPS - WATER (DVD-01:35)

Bud Hauersperger stated that two quotes were received for the replacement of the Granular Activated Carbon caps.

Hauersperger opened the quotes and read them aloud as follows:

- | | |
|---|--------------|
| 1. Layne Christensen Company
Louisville, KY | \$142,482.00 |
| 2. All Service Contracting Corp.
Decatur, IL | \$133,868.00 |

All the quotes included a Non-Collusion Affidavit, an Indiana Legal Employment Declaration, a Nepotism Policy Affirmation, and an Affidavit Regarding Non-responsibility.

Ernie Hinkle asked for the Board's approval to take the quotes for the Granular Activated Carbon caps under advisement pending review of the specifications.

Chairman Stradtner stated that the Capital Expenditure amount for the Granular Activated Carbon caps was \$115,300. Hinkle informed the Board that the increased quotes were most likely related to the cost for the disposal of the old material, which has to be buried in an approved landfill. Hinkle stated that approximately 30 tons of disposed material was estimated for approximately \$110 per ton. Hinkle stated that the caps are a maintenance item that needs to be replaced no later than August of this year.

Alex Emmons made a motion to take the quotes under advisement and report back at the next meeting. Motion approved, 6-0.

APPROVAL OF MINUTES (DVD-07:00)

Chairman Rick Stradtner presented the minutes of the February 16, 2016 Regular Meeting and the February 24, 2016 Special Meeting and there being no corrections or amendments, asked for a motion to approve the minutes. Wayne Schuetter made a motion to approve the minutes of the meetings as presented. Keith Masterson seconded the motion. Motion approved, 6-0.

ELECTRIC PLANNING COMMITTEE REPORT (DVD-07:50)

Wayne Schuetter, Chairman of the Electric Planning Committee, stated the committee met on March 4, 2016. During the meeting, the Committee discussed the demolition bids received for the Power Plant property.

Bud Hauersperger gave a recap on the bids that were opened at the February 24th Special Utility Service Board meeting. He covered where each bidder was from, the length of time it would take the bidder to complete the demolition, the bid amounts, any alternatives, and any previous reference projects from the bidders. Hauersperger said there was good participation.

The low bidder, B Jones Group, had very good references, all of whom were happy with B Jones Group's work. Although they were the low bidder, Hauersperger expected the costs to be a wash, or that the City would make some money. Instead, the City would have to pay if we accepted one of these bids. One reason the costs were high is that the steel prices are extremely low at this time. Hauersperger felt the reason B Jones Group's bid was so much lower than the

others was because they were looking hard at their salvage opportunities and the other bidders may not have.

Wayne Schuetter stated that he was afraid there may be additional costs in most of the bids received, due to the language that was included in the scope of work in the bids. Schuetter said he reviewed all the bids in detail. Some of the bids left open the possibility of more expense. Schuetter recommended rejecting all of the bids at this time. Alex Emmons agreed.

Hauersperger said we will no longer be firing up the Power Plant. We do not have the manpower and it would take months to get the plant prepared to fire up. He feels that we could eliminate the boiler and machinery insurance, if we will no longer be firing up. Currently, we are exercising all of the equipment monthly to keep it in good shape, and that is why the boiler and machinery insurance was retained. Hauersperger does not believe the boiler would have value anymore, due to it being a coal-fired boiler. The only value remaining is the scrap value.

Hauersperger recommends proceeding with the environmental cleanup first and then try to sell some of the equipment or components. After, there may be the possibility of selling or repurposing the building shell. If the Power Plant employee position is eliminated and the boiler and machinery insurance is dropped, the monthly loss for the Electric Generation Department may fall to \$1,000 to \$2,000 monthly. It was also mentioned that there are some grant options to help with the environmental cleanup that need to be researched. Attorney Kabrick mentioned that she knows a developer they have been working with on other projects, who may be interested in the Power Plant property.

The Mayor asked about the permits for the Power Plant. The current permit expires in January 2018. All of the required testing has already been waived, due to not running the plant. There will be some paperwork that will need to be completed if the plant is totally decommissioned.

If the Power Plant employee position is eliminated, the utility costs and property/casualty insurance are the only costs left. Some of the property insurance cost could be eliminated if we do not want to insure all assets. Most of the utility expenses could also be eliminated.

The Heidorn property was also briefly discussed. It was recommended to see if there would be any opportunities with developers before doing anything with this property.

The Committee agreed to make the following recommendations at tonight's Utility Service Board meeting:

- Reject all bids opened at the February 24th Special Utility Service Board meeting
- Make a formal decision to no longer fire up the Power Plant using coal
- Eliminate the Power Plant employee position
- Reduce the insurance costs
- Apply for grants to help with the environmental cleanup costs
- Investigate salvage options for the equipment and components at the Power Plant
- Investigate repurposing options for the Power Plant and associated structures

Rick Stradtner wanted to stress to everyone that the City is not incurring any ADDITIONAL costs. All of the environmental costs were included in the bids that were received. Once the site

is environmentally cleaned up and the equipment and components removed, it will be more appealing for repurposing developers.

Wayne Schuetter stated that at this time, he and the Electric Committee recommend rejecting all bids for the Power Plant demolition opened at the February 24th Special Utility Service Board meeting.

Alex Emmons made a motion to reject all bids for the Power Plant demolition opened at the February 24th Special Utility Service Board meeting. Keith Masterson seconded the motion. Motion approved, 6-0.

Schuetter informed the Board that the Power Plant has not burned coal for over two years. The Committee feels it is no longer cost effective to maintain the plant as a coal burning facility. Schuetter stated the Power Plant facility has served the community for over forty years but at this time it is no longer cost effective to generate our own power.

Alex Emmons made a motion to no longer fire up the Power Plant with coal. Michael Kern seconded the motion. Motion approved, 6-0.

Schuetter stated that the Committee had several recommendations to reduce the monthly cost of the Power Plant. Schuetter stated that one employee is still retained for the Power Plant in case the plant needs to be fired up. Since the plant will no longer be operating, the Committee recommends eliminating the last Power Plant employee position.

Michael Kern made a motion to approve the elimination of the Power Plant employee position. Roger Seng seconded the motion. Motion approved, 6-0.

Schuetter asked for the Board's approval to give Bud Hauersperger permission to pursue reducing the cost of insurance on the Power Plant. Hauersperger stated the boiler and machinery insurance can be eliminated. With respect to the property insurance, Hauersperger also stated that the replacement cost values for the Power Plant property insurance can be eliminated or lowered at this time, which will save a substantial amount of money. A cash value policy endorsement can be purchased in its place. Hauersperger stated that another Committee meeting needs to be scheduled to make these insurance policy recommendations.

Roger Seng made a motion to give Bud Hauersperger approval to cancel the boiler and machinery insurance policy, and to get the Electric Committee's recommendation on the other insurance reductions associated with the Power Plant. Keith Masterson seconded the motion. Motion approved, 6-0.

Schuetter asked for the Board's approval to give Hauersperger permission to pursue applying for grants to help with the environmental cleanup costs.

Michael Kern made a motion to give Bud Hauersperger approval to pursue applying for grants to help with the environmental cleanup costs associated with the Power Plant. Keith Masterson seconded the motion. Motion approved, 6-0.

Schuetter asked for the Board's approval to give Hauersperger permission to investigate salvage options for the equipment and components at the Power Plant.

Keith Masterson made a motion to give Bud Hauersperger permission to investigate salvage options for the equipment and components at the Power Plant. Michael Kern seconded the motion. Motion approved, 6-0.

Schuetter asked for the Board's approval to give Hauersperger permission to investigate repurposing options for the Power Plant and associated structures. Schuetter stated the Committee felt the Power Plant property should be kept as a whole for now. As equipment is sold, repurpose options may be clearer. Schuetter also stated that the Committee felt that other City Departments should have the first option to purchase the property or equipment before selling to private investors.

Roger Seng made a motion to give Bud Hauersperger permission to investigate repurposing options for the Power Plant and associated structures. Alex Emmons seconded the motion. Motion approved, 6-0.

Bud Hauersperger stated that a clarification needed to be made to the Electric Committee meeting minutes regarding reducing the monthly costs of the Power Plant. The minutes state that the monthly cost for the Power Plant would drop to \$1,000 to \$2,000 a month if the employee position is eliminated and the boiler and machinery insurance is dropped. This was a generalization. Hauersperger stated that more is involved in these costs, including in-lieu of taxes payments, maintenance costs, and utilities, etc. If these costs are eliminated, reduced, or reallocated to other utility departments the monthly cost would be close to \$1,000 to \$2,000. It is more complicated than was stated at the Committee meeting.

Chairman Stradtner said it can be somewhat misleading when reviewing the financial statements as there are the non-cash items such as depreciation expense, and those expenses that are allocated partially to all utility departments such as administrative expenses, in lieu of taxes payments, etc. The administrative costs will need to be reallocated at some point and can be done at a different meeting.

Wayne Schuetter informed the public that the Electric Department has not received a capacity payment from MISO for a couple of years; therefore those payments will not be factored into any of the Power Plant decisions.

REQUEST TO REPLACE TWO LINEMAN POSITIONS (NOW VACANT) WITH TWO LINEMAN APPRENTICES (DVD-44:47)

Jerry Schitter informed the Board that he has lost two linemen in the past month. Larry Mathies retired after 15 years as a lineman and Tom Ashcraft resigned effective as of March 18th. Schitter has a pool of applicants from the last hiring process that are still interested in the position. Schitter asked for the Board's permission to begin the hiring process from the available pool of applicants for the linemen apprentice positions.

Wayne Schuetter made a motion to give Schitter permission to begin the hiring process for the two vacant linemen positions and to use the pool of applicants available, and if the pool is not

sufficient to fill both positions, to advertise for the open positions. Keith Masterson seconded the motion. Motion approved, 6-0.

BUCKET TRUCK (DVD- 47:15)

Jerry Schitter informed the Board that the bucket truck that was ordered 15 months ago has arrived and the invoice is being paid this month. The linemen are very happy with the new bucket truck.

BEAVER LAKE WATER LEVEL (DVD-47:56)

Ernie Hinkle informed the Board that the Beaver Lake water level is approximately 6 to 7 inches from going over the spillway. Hinkle stated that with another significant rainfall the lake could be full. The valve was closed on March 1st.

GAS PLANNING COMMITTEE REPORT (DVD-48:30)

Michael Kern, Chairman of the Gas Planning Committee, stated the Committee did not meet during the past month.

WATER PLANNING COMMITTEE REPORT (DVD-48:35)

Roger Seng, Chairman of the Water Planning Committee, stated the Committee did not meet during the past month.

WASTEWATER PLANNING COMMITTEE REPORT (DVD-48:46)

Alex Emmons, Chairman of the Wastewater Planning Committee, stated the Committee did not meet during the past month.

NEW PHONE SYSTEM IN SERVICE (DVD-49:00)

Bud Hauersperger informed the Board that the new phone system is in service at City Hall and most other City Departments. The Wastewater Department is still waiting for cabling to be replaced and then the new phones will be installed at those locations.

INTERVIEWS SCHEDULED FOR GAS & WATER MANAGER POSITION (DVD-49:48)

Bud Hauersperger informed the Board that the interviews for the Gas and Water Manager position, to replace Ernie Hinkle, will begin on Tuesday, March 29th. At this time, interviewing will be done internally.

FINANCE COMMITTEE REPORT & PRESENTATION OF CLAIM DOCKET (DVD-50:16)

Roger Seng reported that the Finance Committee had met and reviewed the claims on the Claim Docket.

The Finance Committee recommended approval of the claims as presented.

Michael Kern made a motion to approve the claims as presented. Alex Emmons seconded the motion. Motion approved, 6-0.

There being no further business to come before the Board, the meeting was adjourned at 7:52PM upon motion by Alex Emmons and second by Keith Masterson. Motion approved, 6-0.

The minutes were hereby approved_____ with ___X___without corrections this 18th day of April, 2016.

Attest: _____
Secretary Chairman